



PUBLIC DISCLOSURE

October 03, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Atlantic Capital Bank, National Association
Charter Number 24425

531 Broad Street, Chattanooga, TN 37402

Office of the Comptroller of the Currency

320 Seven Springs Way, Suite 310 Brentwood, TN 37027

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Atlantic Capital Bank, National Association (Atlantic Capital or bank) has a Satisfactory record of meeting community credit needs. This is based on the following:

- Atlantic Capital's average loan-to-deposit ratio (LTD) of 77.4% over the eleven-quarter evaluation period is more than reasonable.
- A majority of the bank's lending is within the bank's Assessment Areas.
- The bank's distribution of lending to borrowers of different income levels noted reasonable penetration.
- The geographic distribution of residential real estate and business loans reflects reasonable dispersion throughout the AAs.
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its AAs.

Scope of Examination

The bank's evaluation is based on the Intermediate Small Bank criteria, which utilizes an assessment of the bank's performance under the Lending Test and the Community Development Test. Full-scope evaluation procedures were performed with the review covering the time period from January 1, 2014, through June 30, 2016. For comparative and analytical purposes, results were evaluated using 2010 Census demographic information. Atlantic Capital has no bank-owned affiliates. We reviewed the bank's community development loans, services and investments to ensure they met the definition for community development. FSG Bank was acquired by Atlantic Capital on October 31, 2015. Tables utilized in this evaluation report reflect the bank's lending activity for 2014, 2015 and the six-month period ended June 30, 2016. The evaluation covers an evaluation period for bank data concerning HMDA loans and small business loans which include: 2014 (FSG loan data), 2015 (combined loan data of FSG and Atlantic Capital), and 2016 (Atlantic Capital as the merged entity). The evaluation period for community development activities is FSG (2014 and the 10-month period ended October 31, 2015) and the Atlantic Capital as the merged entity (November 1, 2015 to present).

In evaluating the Bank's lending performance, the Bank's primary loan products include residential mortgages and business loans. Consumer lending and farm lending did not constitute a substantial lending activity during the review period, and therefore was not considered in the lending performance evaluation. A full scope review was performed for the primary bank offices located in the two states the bank operates: (1) Tennessee (the Chattanooga MSA AA / Hamilton County), which includes a significant portion of the bank's offices (seven of 17) and lending activity during the review period as well as existing deposits, and (2) Georgia (the Atlanta MSA AA. This AA contains all census tracts within defined parameters of Fulton County above Interstate 20; Gwinnett County west of Interstate 85; Cobb County east of Interstate 75; and DeKalb County west of Interstates 85 and 285) based on the office in Georgia with the largest lending activity during the review period and existing level of deposits. We placed most consideration for the lending rating on loans, especially home loan activity, for the Chattanooga MSA AA.

LOAN PORTFOLIO SUMMARY BY PRODUCT		
JUNE 30, 2016		
Loan Category	Dollar Volume \$(000)	% of Outstanding Dollars
Commercial Real Estate	809,632	41%
Business Loans	508,516	26%
Real Estate (RE) Construction and Land Development	209,147	11%
RE Residential (1-4 Family)	186,115	9%
Loans to Nondepository financial/institution and other	152,596	8%
RE Multifamily	79,144	4%
Consumer Loans	30,788	1%
Loans Secured by Farmland	1,680	<1%
Total Loan Portfolio	1,977,618	100%

Source: Institution Consolidated Reports of Condition as of June 30, 2016

A data integrity review, conducted in June 2016, focused on an assessment of the accuracy of the bank's loan data reported under the Home Mortgage Disclosure Act (HMDA), as well as CRA small business loans. In addition, we reviewed the bank's internal control processes and

procedures for collecting, verifying, and reporting HMDA. We found the HMDA loan data and CRA small business loan data to be reasonably accurate and reliable for use in this CRA evaluation. We also reviewed a sampling of the bank's community development (CD) loans, investments, and services provided by the bank and its personnel, which occurred from 2014 through 2016, and noted satisfactory CD activity that met the standards for Community Reinvestment Act (CRA) Community Developments.

Description of Institution

FSG Bank National Association (FSG) converted from a state to national charter in June 2003. On October 31, 2015, FSG and its holding company were acquired by Atlantic Capital Bancshares, Inc. in Atlanta, GA. which had one subsidiary consisting of a state regulated bank named Atlantic Capital Bank (AC). AC was a corporate bank, with one branch located in Buckhead, an uptown district of Atlanta, Georgia. At September 30, 2015, prior to the merger AC and FSG had \$1.4 billion and \$1.1 billion in total assets, respectively. AC was merged into FSG and the name was immediately changed to Atlantic Capital Bank, N. A. (ACB). As of November 1, 2015, ACB was the surviving bank and retained the same OCC bank charter number that FSG had previously held. ACB is an interstate bank, headquartered in Chattanooga, Tennessee, with branches in Tennessee and Georgia. Since the previous August 2013 FSG CRA examination, FSG, and subsequently ACB after the merger, closed or sold 13 branches, 10 in Tennessee and 3 in Georgia. Branches were primarily closed based on another bank branch operating nearby or limited profitability experienced by that closed branch. As of June 30, 2016, ACB had total assets of \$2.8 billion, with net loans and leases comprising 67.9 percent of total assets and primarily CRE loans. The bank's strategy is to grow with minimal risk generated, while achieving a ROAA of 1.0 percent. Atlantic Capital offers a full range of credit and deposit services throughout its AAs. Deposit services are available to meet a variety of needs for commercial and consumer customers. Customer service at bank offices is offered beginning at 9:00 AM Monday through Friday, with drive-up facilities opening at 8:30 AM, and ending at 4:00 PM Monday through Thursday and 5:30 PM on Fridays. The Atlanta office closes at 4:30 PM Monday through Friday. The branch on Gunbarrel Road in Chattanooga, TN is open on Saturdays from 9:00 AM to noon.

FSG received a Satisfactory rating at its August 2013 intermediate small bank CRA evaluation. Prior to its merger with FSG, AC received a Low Satisfactory rating at its February 2015 large bank CRA evaluation. We did not identify any specific legal or financial circumstances currently impeding the bank's ability to help meet the credit needs of the community, however, FSG had been under a regulatory consent order since early 2010 that affected the bank's ability to generate loans. Atlantic Capital has recently been able to dedicate more lending staff in the two Georgia AAs to residential lending, with emphasis to reach out to low and moderate borrowers, and small business lending. Management has established community advisory councils within each of the bank's AAs that meet on an ongoing basis, representing LMI individuals and geographies. These community advisory councils are assisting the bank in awareness of community dynamics and needs, as well as determining community development needs to be addressed with personnel and funds of the bank. Management has also established a CRA Management Committee, comprised of senior management representing the bank's various lines of business, which monitors and assesses CRA activity by the bank and its employees.

Selection of Areas for Full-Scope Review

In each state where the bank has a branch, an AA received a full scope review. For Atlantic Capital, a full-scope review includes the Chattanooga (TN)/Hamilton County MSA AA, which contains the bank's headquarters location, has a significant level of the branches, and incurred the greatest level of lending activity for the bank during the review period. The review also includes the Atlanta (GA) MSA AA, which has the office with a material level of deposits and the greatest lending activity in the state of Georgia. A limited scope review will be performed for the remaining three AAs in Tennessee and the one remaining AA in Georgia. There is no multistate MSA AA to be reviewed. Refer to the "Scope" section for further details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings for Tennessee and Georgia. The state of Tennessee was given the primary consideration for the rating because its AAs, especially the Chattanooga MSA AA/Hamilton County, contained the highest level of bank branches (13 of 17) and a significant majority of the bank's lending activity during the review period. For the state of Tennessee rating, equal consideration was given to HMDA and business lending due to lending volumes. The Georgia state rating is based primarily on the Atlanta MSA AA that received a full-scope review since that AA possesses the majority of deposits and lending activity within the state of Georgia. For the state of Georgia ratings, and the Atlanta MSA AA, more consideration was given to small business lending. The AAs that received a limited scope review were used to support the performance in the full scope AAs.

Community Contacts

During the evaluation process, we contacted three community leaders within the bank's AAs to get a better understanding of the general community credit and development needs, and discuss local economic conditions. Feedback from the contacts indicated the following needs: affordable owner-occupied and rental housing, financial literacy training, bank funding by donations or low-interest loans for affordable lending projects. Comments regarding community support from local financial institutions were neutral to positive.

Conclusions with Respect to Performance Criteria

Lending Test

The bank's performance under the Lending Test is rated Satisfactory, based on the loan to deposit ratio, lending in assessment area, and a review of all factors in Georgia and Tennessee.

Loan-to-Deposit Ratio

Atlantic Capital's loan-to-deposit ratio (LTD) is more than reasonable. Atlantic Capital's average quarterly LTD ratio during the review period of June 2013 to March 2016 was 77.4 percent. During the evaluation period, the quarterly LTD ratio ranged from a low of 55.5 percent to a

high of 89.9 percent. The average LTD ratio of similarly-situated institutions for the same period was 73.6 percent, with the highest average LTD ratio being 97.4 percent and the lowest average LTD ratio being 54 percent for the similarly-situated institutions (SSI) considered. The bank’s LTD ratio has steadily increased during the evaluation period. SSIs experienced slight increases and decreases during the same period. Only one SSI was located within ACB’s assessment area, but the remaining institutions are located within the state of Tennessee or Georgia, states where bank branches are located.

Subject Bank and SSIs	Avg LTD Ratio
Atlantic Capital Bank, National Association	77.40
Firstbank	79.19
Franklin Synergy Bank	67.63
Home Federal Bank of Tennessee	54.02
Wilson Bank & Trust	80.53
Brand Banking Company, The	97.42
Georgia Bank & Trust Company of Augusta	62.68

Lending in Assessment Area

Overall, lending levels reflect satisfactory responsiveness to the credit needs of the assessment areas. A majority of home mortgage, small business loans originated during the review period were made within the bank’s assessment area. The inside/outside ratio was evaluated at the bank level and not at the separate AA levels. This ratio was derived from bank originations. Data in the table below revealed that 62.4 percent of loans based on number and 62.1 percent of loans based on dollar volume were originated inside the combined assessment areas. These ratios had a positive effect on the bank’s overall geographic distribution performance.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Purchase	235	70.36	99	29.64	334	66,720	73.83	23,651	26.17	90,371
Improvement	60	36.81	103	63.19	163	1,056	33.08	2,136	66.92	3,192
Refinance	383	54.17	324	45.83	707	54,278	64.02	30,511	35.98	84,789
HMDA Loans Subtotal	678	56.31	526	43.69	1,204	122,054	68.43	56,298	31.57	178,352
Small Business Loans Subtotal	887	68.07	416	31.93	1,303	211,864	58.96	147,499	41.04	359,363
Total Loans	1,565	62.43	942	37.57	2,507	333,918	62.10	203,797	37.90	537,715

Fair Lending, Other Illegal Credit Practices, and Complaints Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank’s (bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any

assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Ratings

State of Tennessee

CRA Rating for Tennessee: Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated: Satisfactory.

- The bank’s geographic distribution of loans is reasonable. Their dispersion of loans by borrower income level or revenues of the business is also reasonable.
- The bank demonstrated adequate responsiveness to meeting the CD needs of the community through loans, investments, and services.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN Tennessee

Chattanooga MSA AA/Hamilton County – Full Scope AA in Tennessee

Atlantic Capital operates seven branches, with automated teller machines (ATMs), in the Chattanooga MSA AA, which only includes Hamilton County for this bank’s purposes. Catoosa County was eliminated from this AA since the bank branch in that county was closed in 2014. The AA meets the legal requirements of the CRA and does not arbitrarily exclude low- or moderate-income geographies. As of June 30, 2016, this AA has \$303 million in total deposits or 14% of the bank’s total deposits. The AA accounts for approximately 39.1 percent of home mortgage and small business loans analyzed for this evaluation. The following table presents some of the demographic characteristics for this AA based on 2010 Census Data with available 2015 information:

Population :	
# of Families	86,800
# of Households	133,953
Census Tracts (CTs) /Geographies:	
Number of CTs / Bank Branches (B)	82 - 7
# and % of Low Income CTs	9 / 11%
# and % of Moderate Income CTs	17 / 21% - B / 2
# and % of Middle Income CTs	27 / 33% - B / 1
# and % of Upper Income CTs	28 / 35% - B / 4
# and % of Undefined Income CTs	1 / 0.1%
Median Family Income	\$54,527

Economic Indicators:	
Unemployment Rate	5.6%
Median Housing Value	\$149,754
% of Households Below Poverty Level	14%
% of Households on Social Security	30%

Chattanooga, TN is the largest city and the county seat for Hamilton County. Its population makes up roughly half of the county’s total population. As of the FDIC reporting period ending 6/30/15, there were 28 FDIC insured institutions in the Hamilton County area. Of these, three are national association banks, five are multi-regional banks, two state-focused banks, and six are community-focused banks. In addition, Hamilton County also encompasses 10 credit unions. FSG had only 3.50% of the deposit market in Hamilton County as of the June 30, 2015, with deposits totaling \$316 million. The metro area ranks 154th out of 200 small cities in America, according to the Milken Institute’s Best-Performing Cities 2015: Where America’s Jobs Are Created and Sustained. This represents a loss of 18 spots when compared to our 2014 ranking of 136th after an improvement of 38 spots over our 2013 ranking of 174th. An explanation for this shrinkage could be that of the \$2,025,061,000 in the 143 announced business investments spanning from 2011-2016 by the Chattanooga Chamber of Commerce, projects and expansions began to dwindle with only 18 of these projects taking place in 2015. This amounts to an estimated \$486,280,000 of the total with an anticipated number of 2,451 new jobs. The total number of new jobs anticipated during this period from these projects totaled 13,306. However, the Chattanooga Chamber of Commerce exceeded the four-year CAN DO investment goals for both jobs and capital investment for the first time in the history of their economic development program. Recent entries into the Chattanooga market – Gestamp and Volkswagen – as well as legacy companies like Southern Champion Tray, will have a positive long-term impact on the local economy as they continue to pursue aggressive growth plans. New corporate locations for B+M Systems, Plastic Omnium and Van de Wiele joined the roster of companies, along with several others. Employment in the Chattanooga area is diverse. The top employment sectors of trades, transportation, and utilities (22%), government (15%), manufacturing (13%), professional and business services (18%), education and health (14%), and leisure and hospitality (10%) comprise 92% of the workforce. Employment in the retail service sector continues to thrive. Hamilton Place Mall, which is in its 28th year of operation, anchors the area’s most vibrant retail corridor along I-75. Downtown Chattanooga is continuing to attract new investment as well. The first phase of a proposed \$100 million housing and commercial project on the west side of downtown along the river is taking shape. This will include 39 homes and luxury townhomes along Riverfront Parkway, which are expected to range upward from \$319,000 each. Hotel space in the downtown area is continuing to increase as well. A \$19 million hotel, with 140 rooms, is currently under construction. These projects, along with numerous other housing and retail developments under construction or under consideration throughout the city, will guarantee a strong base for growth in the coming years. Loan products for housing needs that could be helpful in this market are in-house, portfolio-type mortgages for low-to-moderate income families, first-time homebuyer 100% financing for purchase mortgages with zero PMI, grants for down payments, and low to zero down payment mortgages.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Tennessee

The Tennessee state rating is based primarily on the Chattanooga MSA AA/Hamilton County that received a full-scope review, based on that AA possessing the majority of bank offices, lending activity, and existing deposits within the state of Tennessee. For the state of Tennessee rating, and the Chattanooga MSA/Hamilton County AA, consideration was given to HMDA and business lending due to lending volumes.

Atlantic Capital’s overall performance in Tennessee is Satisfactory. This rating was determined through a full scope review of the Chattanooga MSA AA / Hamilton County, supported by the limited scope reviews of the other AAs in Tennessee.

- The bank’s geographic distribution of home and business loans reflects reasonable penetration.
- The dispersion of loans by borrower income level or revenues of the business is reasonable.
- The bank demonstrated adequate responsiveness to meeting the Community Development needs of the community through loans, investments and services.

LENDING TEST

The bank’s performance under the lending test in Tennessee is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans in the Chattanooga MSA AA reflects a reasonable penetration among individuals of different income levels and businesses of different sizes, given local economic conditions and the factors adversely impacting the bank’s efforts to originate loans during initial and middle periods of the review period.

Home Loans

Atlantic Capital (ACB) Lending to Borrowers of Different Incomes

Table 2 - Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans

Home Purchase	20.87	3.03	15.47	10.61	19.31	15.15	44.34	65.15
Home Improvement	20.87	16.67	15.47	41.67	19.31	8.33	44.34	25.00
Refinance	20.87	6.08	15.47	8.11	19.31	16.22	44.34	61.49

Source: data reported under HMDA.

Aggregate HMDA Borrower Distribution Analysis for Mortgage Loan Originations of Similar Products by Other Lenders within the Chattanooga MSA Assessment Area

Table 2 - Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	Other Lenders % of # of Loans	ACB % of # of Loans	Other Lenders % of # of Loans	ACB % of # of Loans	Other Lenders % of # of Loans	ACB % of # of Loans	Other Lenders % of # of Loans	ACB % of # of Loans
Home Purchase	4.52	3.03	16.26	10.61	19.39	15.15	40.29	65.15
Home Improvement	8.89	16.67	20.43	41.67	18.99	8.33	44.47	25.00
Refinance	5.38	6.08	11.46	8.11	17.26	16.22	42.64	61.49

Source: data reported under HMDA and Peer Mortgage Data

The distribution of home loans in the Chattanooga MSA assessment area reflects an overall reasonable penetration among borrowers of different income levels, especially when considering households at a relatively high poverty level and at a high level on a fixed income from Social Security. The first table reflects purchase and refinance home loans to low-income borrowers was low compared to the percentage of families in the AA that are low-income, but the level of home improvement lending was reasonable to the AA percentage level of those families. Purchase and refinance home loans levels to middle-income borrowers was in a reasonable range compared to the percentage of families in the AA that are middle-income, but the level of home improvement lending well exceeded the AA percentage level of those families.

However, the second aforementioned table of Atlantic Capital’s record of lending to borrowers of different income levels is compared to the lending activity of other FDIC-insured lenders subject to the reporting requirements of HMDA that reported loans within the Chattanooga MSA assessment area. Data in the second table reflects that the bank’s penetration of home mortgages to low-and moderate-income borrowers in the Chattanooga MSA assessment area is reasonable for purchase and refinance loans and higher for home improvement loans when compared to the aggregate lending levels for other lenders.

Business Loans

Atlantic Capital Lending to Businesses of Different Sizes

Table 2 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	77.75	5.13	17.12	100%
% of Bank Loans in AA by #	44.37	55.31	0.32	100%

% of Bank Loans in AA by \$	40.44	59.34	0.22	100%
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Source: Loan sample; Dunn and Bradstreet data.

Atlantic Capital vs Other Lenders Lending to Businesses of SB Loans

Table 2 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000		≤\$1,000,000	
% of AA Businesses	77.75		77.75	
% of Bank Loans in AA by #	44.37	% of Other Lenders Loans in AA by #	43.08	
% of Bank Loans in AA by \$	40.44	% of Other Lenders Loans in AA by \$	29.76	

Source: Dunn and Bradstreet data and Peer Small Business Data

The first table reflects Atlantic Capital’s lending to businesses of different sizes within the Chattanooga MSA assessment area. Data in the table indicates that the percentages of the bank’s small business loans by number (44.37%) and dollar volume (40.44%) made to businesses with revenues less than \$1 million are lower than the percentage (77.75%) of small businesses with annual revenues less than \$1 million. However, the second table reflects that other lenders loan originations by loan number (43.08%) and by dollar volume (29.76%) of its small business loans to business with revenues less than \$1 million, is lower than the same respective percentages for Atlantic Capital, which indicates the overall borrower distribution of business loans is reasonable.

Atlantic Capital Small Business Loans by Loan Size

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	132	42.58	7,069	10.38
\$100,001 - \$250,000	83	26.77	14,396	21.13
\$250,001 - \$1,000,000	95	30.65	46,669	68.49
Over \$1,000,000	0	0.00	0	0.00

Source: Loan sample.

The aforementioned table with bank-only information reflect Atlantic Capital’s lending of different loan sizes of business loan originations within the Chattanooga MSA AA and shows that the bank originated a high level (69.4 percent) of small business loans in amounts of \$250,000 or less within its assessment area. The bank lending penetration among businesses with revenues less than \$1 million is reasonable.

Geographic Distribution of Loans

The geographic distribution of loans in the Chattanooga MSA AA reflects a reasonable dispersion among home mortgage loans and business loans across the low and moderate income census tracts, given local economic conditions and the factors adversely impacting the bank’s

efforts to originate loans during initial and middle periods of the review period.

Home Loans

Analysis presented in the following table reflects the adequacy of dispersion of home mortgage lending among census tracts of different income levels within the Chattanooga MSA/ Hamilton County assessment area. The analysis compares the percentage of Atlantic Capital’s home mortgage originations in census tracts of different income levels to the percentage of owner-occupied housing units (OOHUs) located within those areas. The additional table also compares Atlantic Capital’s record of lending in census tracts of different income levels to the lending activity of other FDIC-insured lenders subject to the reporting requirements of HMDA that reported loans within the bank’s Chattanooga MSA assessment area.

Atlantic Capital Residential Lending by Geographic Distribution

Table 3 - Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	3.95	5.30	10.51	11.36	39.02	24.24	46.52	59.09
Improvement	3.95	0.00	10.51	16.67	39.02	50.00	46.52	33.33
Refinance	3.95	2.03	10.51	10.14	39.02	33.11	46.52	54.73

Source: data reported under HMDA.

As reflected in the table above, the bank’s overall percentage of lending in moderate-income census tracts in the Chattanooga MSA assessment area exceeds the percentage of Owner Occupied Housing Units (OOHUs) located in those census tracts. The bank’s overall percentage of lending in low-income census tracts in the Chattanooga MSA assessment area is within a reasonable range of the percentage of Owner Occupied Housing Units (OOHUs) located in those census tracts.

Atlantic Capital vs Other Lenders Residential Lending by Geographic Distribution

Table 3 - Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans
Purchase	2.17	5.30	8.56	11.36	34.29	24.24	54.98	59.09
Improvement	4.09	0.00	9.86	16.67	41.11	50.00	44.95	33.33
Refinance	2.98	2.03	9.60	10.14	35.53	33.11	51.88	54.73

Source: data reported under HMDA and Peer Mortgage Data

As reflected in the table above, the bank’s overall percentage of lending in moderate-income census tracts in the Chattanooga MSA assessment area exceeds other lenders aggregate percentages of HMDA loans in those census tracts. The bank’s overall percentage of lending in

low-income census tracts within the Chattanooga MSA assessment area is reasonable compared to the other lenders aggregate percentages of HMDA loans in those census tracts. Overall, the penetration of home mortgage loans among census tracts of different income levels in the Chattanooga MSA assessment area is good.

Business Loans

The following table present an analysis of Atlantic Capital’s business lending in census tracts of different income levels in the Chattanooga MSA/Hamilton County assessment area. The information presented is based upon reportable small business loan data. The analysis compares the percentages of the bank’s overall small business lending originated in low- and moderate-income census tracts, to the percentages of small businesses located in those tracts

Atlantic Capital Geographic Distribution of Small Business Loans

Table 3A - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	7.57	15.76	22.57	38.26	33.20	27.65	36.56	18.01

Source: data collected by bank; D & B data.

Analysis presented in the aforementioned table indicates that the percentage of Atlantic Capital’s small business loans originated in low- and moderate-income census tracts exceeds the percentages of small businesses located in those tracts. We also compared the geographic distribution of Atlantic Capital’s small business lending in the Chattanooga MSA/Hamilton County AA to the aggregate percentages of other lenders originating small business loans in low- and moderate-income tracts. This analysis is presented in the following table.

Atlantic Capital vs Other Lenders Geographic Distribution of Small Business Loans

Table 3A - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans
	9.07	15.76	24.68	38.26	29.31	27.65	36.81	18.01

Source: data collected by bank; D & B data and peer data.

Information contained in the aforementioned table indicates that Atlantic Capital’s level of small business lending in low- and moderate-income census tracts within its Chattanooga MSA/Hamilton County assessment area well exceeds the aggregate percentages of small business loans reported in the assessment area. The geographic analysis of small business lending in the Chattanooga MSA/Hamilton County assessment area demonstrates a solid commitment by Atlantic Capital to meeting business lending needs in low- and moderate-income census tracts.

Limited-Scope AAs

A limited scope review was performed for three AAs in Tennessee (Bradley County/Cleveland MSA, Knox and Union County/Knoxville MSA, and Jefferson County/ Morristown MSA). We placed little consideration on the bank's performance in two of the AAs in the state of Tennessee, the Bradley County/Cleveland MSA AA and the Jefferson County/ Morristown MSA, based on the minimal volume of lending activity and nominal share of bank deposits for these AAs. Based on the limited scope review, the bank's performance for borrower distribution and penetration among businesses of different sizes in the Knox and Union Counties/ Knoxville MSA AA is consistent with the reasonable results of the Hamilton County/ Chattanooga MSA AA.

We placed little consideration on the bank's performance in the Bradley County/Cleveland MSA AA within the state of Tennessee based on the minimal volume of lending activity and nominal share of bank deposits for this AA. No consideration was placed on the bank's performance regarding the geographic distribution of loans within the Jefferson County/ Morristown MSA AA since there is no low and moderate income census tracts in that AA. Based on the limited scope review for the Knox and Union Counties/ Knoxville MSA AA, the bank's performance for the geographic distribution of home loans overall was very good in the low and moderate income tracts and overall business loan activity exceeded the level of businesses in the low and moderate income tracts, which is consistent with the good results within the Hamilton County/ Chattanooga MSA AA.

Responses to Complaints

No CRA related complaints were noted during the review period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Tennessee is rated Satisfactory.

- The bank demonstrated adequate responsiveness to meeting the Community Development needs of the community through loans, investments and services.

Community Development (CD) Loans

The level of CD lending in the Chattanooga MSA/ Hamilton County AA reflects an adequate level of responsiveness to CD needs.

Chattanooga MSA/ Hamilton County AA

The bank's community development lending performance in Tennessee is adequate based upon performance in the assessment area, especially in light of the bank's available opportunities. All of the loans during the evaluation period were originated in 2016, as the bank's ability to lend during a portion of the review period was hampered by FSG's prior consent order and recapitalization efforts, as well as getting a process structured for this type of lending. The bank

made community development loans totaling \$12.4 million in the Chattanooga MSA/Hamilton County assessment area during the evaluation period, which represents 34% of allocated Tier 1 capital.

The following loans are representative of the community development lending activity:

The bank originated a \$1,040,000 loan to fund a start-up restaurant in a low- to moderate-income tract in the assessment area to revitalize the area. The restaurant is located in Downtown Chattanooga and is part of the Chattanooga Downtown Revitalization Initiative to bring residents and businesses to the downtown area.

The bank provided financing of \$173,000 to construct two low- to moderate-income housing units. The developers were the first to be part of Chattanooga Mayor Andy Burke's affordable housing initiative.

The bank originated a \$2,875,000 loan to a builder who is active in the revitalization of the Southside neighborhood in Chattanooga, TN. The loan proceeds were used to renovate existing residential apartments in a moderate-income area.

The bank originated a \$4,290,000 loan to purchase the Chattanooga minor league baseball franchise and this loan aided in the stabilization of the area. The stadium is located in a moderate-income area that is part of Chattanooga's Downtown Design Plan of 2025

CD Lending by Limited Scope AAs

The overall level of CD lending in the limited scope AAs is consistent with the results of the Chattanooga MSA/ Hamilton County AA. The bank made community development loans totaling \$4 million in the Cleveland MSA/ Bradley County assessment area during the evaluation period; this represents 74% of allocated Tier 1 capital. The bank made community development loans totaling \$6.9 million in the Knoxville MSA/Knox and Union Counties assessment area during the evaluation period; this represents 47% of allocated Tier 1 capital. No CD lending occurred in the Jefferson County/Morristown MSA.

Qualified Investments

Chattanooga MSA/ Hamilton County AA

The bank's investments are adequate and meaningful in supporting the needs of low- and moderate-income individuals. The bank invested in mortgage backed securities (MBS). The MBSs included homes in the Hamilton County assessment area totaling \$2.1 million. The MBSs are collateralized by mortgage loans to low- and moderate-income borrowers.

Total donations during the evaluation period totaled \$125,834. Some examples of the donations included the following items. Total donations of \$31,000 were made to a non-profit entity that empowers underserve communities and individuals through teaching entrepreneurship skills. The bank also contributed a total of \$28,350 to Habitat for Humanity – Greater Chattanooga. This entity provides affordable housing to low and moderate income individuals. Also total

donations of \$16,500 were made to Chattanooga Girls Leadership Academy. This organization a charter school that focuses on unique education needs of low- to moderate-income individuals.

Investments by Limited Scope AAs

The level of CD investments in the limited scope AAs is consistent with the results of the Chattanooga MSA/ Hamilton County AA. The bank invested in mortgage backed securities (MBS), which involved homes in the Knoxville MSA /Knox, Union County assessment area, totaling \$4 million, and donations totaling \$4,000. The bank invested in MBS, which involved homes in the Morristown MSA/Jefferson County assessment area, totaling \$434,620 and donations totaling \$6,500. The bank invested in MBS, which included homes in the Cleveland MSA/Bradley County assessment area, totaling \$80,750, and donations totaling \$5,000.

Extent to Which the Bank Provides Community Development Services

Chattanooga MSA/ Hamilton County AA

The bank provides for, and participates in community development services. The bank's level of community development services is adequate. During the evaluation period the bank had employees with 294 hours of direct involvement in this AA. All the services meet the CRA regulation definition of community development and relate to the provision of financial services. Examples of qualified community development services are detailed in the following examples.

The Chattanooga Regional Homeless Coalition provides community services for low- to moderate-income individuals. A branch manager has served on the Board, been the treasurer, and the fundraising committee.

The bank President/COO has been an Adult Enrichment Committee member of a church in the Chattanooga area. The church sponsors and oversees adult financial literacy education programs that focus on outreach to the urban community.

LAUNCH is an organization in Hamilton County, TN that works with at risk low to moderate income individuals, both adults and high school students, in the Chattanooga area, helping them start businesses designed to support the owners as well as small numbers of employees. The bank provided the following support: serves as the lead bank for the organization providing significant depository services; a bank senior vice president serves as the chairperson of the *LAUNCH* Board of Directors; and the bank provides volunteers for the organization's summer camp designed to teach high school students about entrepreneurship.

Tennessee Small Business Development Center Activities promotes economic development by providing financing for small businesses/farms. The CRA officer has been on its Board.

Community Development Services by Limited Scope AAs

Bank participation in community development services through the limited scope AA is also adequate and consistent with the performance of the Hamilton County/ Chattanooga MSA AA. During the evaluation period the bank had employees with 1,012 hours of direct involvement in these AAs. All the services meet the CRA regulation definition of community development.

Retail Banking Services

Delivery systems are reasonably accessible to essentially all portions of the institution's AAs. The bank has the following alternative delivery systems available in all assessment areas: bank by mail, telephone banking, online banking, mobile banking, and consumer loan application. These services allow customers to have access to their accounts in some capacity anytime of the day, without visiting a branch. The bank offers banking by mail, whereby complimentary, self-addressed envelopes are provided to customers, and a 24-hour night drop, which is available for after-hour transactions. Telephone banking allows customers the ability to retrieve account balances, transfer funds, place stop payments, and report lost or stolen cards. The online banking service also allows customers to retrieve account balances and transfer funds between accounts, as well as print statements, email the bank, view check images, and use bill payment services. The bank is also a member of the AllPoint ATM Network, which has more than 55,000 ATMs available for bank customers to use without any surcharges.

Product Innovation and Flexibility

During the period under review, FSG/Atlantic Capital provided borrower accessibility to the following loan programs described below designed to assist low- and moderate-income home owners to obtain affordable home financing, which totaled \$2.6 million for 25 borrowers during the review period.

FHA loans - FHA loans generally require less down payment than conventional loans (3.5% vs. 5%). Sources of down payment are more flexible and can include down payment assistance programs or gifts from employers or relatives. Credit history requirements including mandatory waiting periods following derogatory events are typically more lenient, and interest rates are competitive.

VA loans - VA loans offer many similar features as FHA loans, but with two significant additional benefits. First, there is no down payment requirement for qualified VA borrowers as loan-to-value may be up to 100%; Second, there is no monthly mortgage insurance—only the upfront funding fee, which can be financed into the loan just as with FHA. Qualified veterans with disabilities may have the upfront funding fee waived completely.

USDA/Rural Development loans – These loans offer similar features to FHA loans but are very attractive to LMI borrowers as there is no down payment required, typically more flexible credit requirements and competitive interest rates.

Responsiveness to Community Development Needs

The bank demonstrated adequate responsiveness to meeting the Community Development needs of the community through loans, investments and services for the Chattanooga MSA/ Hamilton County AA and the other Tennessee AAs that received a limited scope review.

State of Georgia

CRA Rating for Georgia: Needs To Improve.

The Lending test is rated: Needs To Improve.

The Community development test is rated Satisfactory.

- The bank’s geographic distribution of home loans is poor; however, the business loans reflect a reasonable penetration. The dispersion of loans by borrower income level and by revenues of the businesses is poor.
- The bank demonstrated adequate responsiveness to meeting the CD needs of the community through loans, investments, and services.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN Georgia

Atlanta MSA AA/Portions of 4 Counties – Full Scope AA in Georgia

Atlantic Capital operates one branch, with an automated teller machine, in Buckhead, which is an affluent uptown district of Atlanta. The bank’s Atlanta MSA AA includes all census tracts within defined parameters of Fulton County above Interstate 20; Gwinnett County west of Interstate 85; Cobb County east of Interstate 75; and DeKalb County west of Interstates 85 and 285. This branch operates Monday through Friday from 9:00 AM to 4:30 PM. The AA meets the legal requirements of the CRA and does not arbitrarily exclude low- or moderate-income geographies. As of June 30, 2016, this AA has \$1.4 billion in total deposits or 66% of the bank’s total deposits. The AA accounts for approximately 17% of home mortgage and small business loans analyzed for this evaluation. The following table presents some of the demographic characteristics for this AA based on 2010 Census Data with available 2015 information:

Population :	
# of Families	268,247
# of Households	477,046
Census Tracts (CTs) /Geographies:	
Number of CTs / Bank Branches (B)	266 / B-1
# and % of Low Income CTs	34 / 13%
# and % of Moderate Income CTs	49 / 18% -
# and % of Middle Income CTs	45 / 17% -
# and % of Upper Income CTs	136 / 51% - B / 1
# and % of Undefined Income CTs	2 / -1%
Median Family Income	\$67,374
Economic Indicators:	
Unemployment Rate	4.98%
Median Housing Value	\$297,174
% of Households Below Poverty Level	11.0%

Atlanta is the capital of and the most populous city in the state of Georgia. Atlanta is the cultural and economic center of the Atlanta metropolitan area, home to 5,522,942 people and the ninth

largest metropolitan area in the United States. Atlanta is the county seat of Fulton County, and a small portion of the city extends eastward into DeKalb County. Atlanta is the primary transportation hub of the Southeastern United States, via highway, railroad, and air, with Hartsfield–Jackson Atlanta International Airport being the world's busiest airport since 1998. Atlanta is an "alpha-" or "world city" exerting a significant impact upon commerce, finance, research, technology, education, media, art, and entertainment. It ranks 36th among world cities and eighth in the nation with a gross domestic product of \$270 billion. Atlanta's economy is considered diverse, with dominant sectors including logistics, professional and business services, media operations, and information technology. The Atlanta metropolitan area is the eighth-largest economy in the country and 17th-largest in the world. Corporate operations comprise a large portion of the Atlanta's economy, with the city serving as the regional, national, or global headquarters for many corporations. Atlanta contains the country's third largest concentration of Fortune 500 companies, and the city is the global headquarters of corporations such as The Coca-Cola Company, The Home Depot, Delta Air Lines, AT&T Mobility, Chick-fil-A, UPS, and Newell-Rubbermaid. Over 75 percent of Fortune 1000 companies conduct business operations in the Atlanta metropolitan area, and the region hosts offices of about 1,250 multinational corporations. Many corporations are drawn to Atlanta on account of the city's educated workforce; as of 2014, 45% of adults 25 or older in the city of Atlanta have at least a four-year college degree. Atlanta is a competitive market for financial services. As of June 30, 2015, there were 35 banking institutions with 183 branch offices located within Fulton County. There are a total of 16 federal banks and 19 state banks. Fulton County had \$79 billion in deposits as of June 30, 2015, with Atlantic Capital possessing 1.4% of those deposits prior to the merger with FSG Bank. Almost half, 46.3 percent, of housing units in Atlanta are single-family residential housing units, and this number is slowly growing. Multifamily development, too, is on the rise, but growth has been more substantial. From 2000 to 2008, the number of multifamily units increased by 33,732 units, or 18 percent. Poverty is on the rise in Atlanta and is becoming increasingly decentralized in metro Atlanta. Previously, poverty was concentrated in the urban zip codes. From 2000 until 2010, reports showed that poverty grew by 5.9 percent in Atlanta's suburbs and increased by 1.7 percent in densely urban areas. The growth of business in the central business districts, home and rental prices have forced low- to middle-income households to move into outlying communities. Hence, lending activities focused on stabilizing LMI households and areas will become more geographically diversified in coming years. Low-cost rented housing units decreased in Atlanta from 2006 to 2014. According to the Federal Reserve Bank of Atlanta, these units are "disproportionately concentrated in certain types of neighborhoods, including those who a higher shares of young adults, a large portion of newer housing units, and lower poverty rates.

SCOPE OF EVALUATION IN Georgia

Atlantic Capital has two AAs in the state of Georgia; the Atlanta MSA and the Dalton MSA. We selected the Atlanta MSA for a full-scope review as this AA represents a significant percentage of the bank's operations in the state. This AA represents a significant majority of the bank's deposits and lending activities in the state. Therefore, the ratings are based primarily on the results of the bank's performance in the Atlanta MSA. The Dalton MSA/Whitfield County was selected to receive a limited-scope review. The bank's primary business focus in Atlanta is large corporate loans. Therefore, we gave more consideration to the bank's commercial lending performance than HMDA loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Georgia

The Georgia state rating is based primarily on the Atlanta MSA AA that received a full-scope review, as that AA possesses the significant majority of the lending activity and existing deposits within the state of Georgia. For the state of Georgia rating, and the Atlanta MSA AA, more consideration was given to business lending due to lending volumes.

Atlantic Capital’s overall performance in Georgia through a full scope review of the Atlanta MSA AA, supported by the limited scope review of the Dalton MSA/Whitfield County AA in Georgia, is Needs to Improve.

- The geographic distribution of loans in the Atlanta MSA AA reflects a poor dispersion among home mortgage loans and a reasonable dispersion among business loans across the low and moderate income census tracts.
- The distribution of loans in the Atlanta MSA AA reflects a very poor penetration among individuals of different income levels and a poor penetration of businesses of different sizes
- The bank demonstrated a Satisfactory responsiveness to meeting the Community Development needs of the community through loans, investments and services.

LENDING TEST

The bank’s performance under the lending test in Georgia is rated Needs To Improve.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans in the Atlanta MSA AA reflects a very poor penetration among individuals of different income levels and a poor penetration of businesses of different sizes. The one branch in the Atlanta AA has not been focused on originating home loans to low and moderate income individuals until 2016.

Home Loans

Table 1 - Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.55	0.00	13.34	0.00	15.21	16.67	52.90	66.67
Home Improvement	18.55	0.00	13.34	0.00	15.21	0.00	52.90	100.00
Refinance	18.55	0.00	13.34	0.00	15.21	0.00	52.90	100.00

Source: data reported under HMDA.

As reflected in the aforementioned table, Atlantic Capital’s level of loan originations to low- and moderate-income borrowers in the Atlanta MSA assessment area has been poor during the review period.

Business Loans

Table 2 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	75.82	5.40	18.78	100%
% of Bank Loans in AA by #	34.25	65.07	0.68	100%
% of Bank Loans in AA by \$	29.05	70.02	0.93	100%

Source: Loan sample; Dunn and Bradstreet data.

Atlantic Capital vs Other Lenders Lending to Businesses of SB Loans

Table 2 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000		≤\$1,000,000	
% of AA Businesses	75.82		75.82	
% of Bank Loans in AA by #	34.25	% of Other Lenders Loans in AA by #	51.34	
% of Bank Loans in AA by \$	29.05	% of Other Lenders Loans in AA by \$	33.67	

Source: Dunn and Bradstreet data and Peer Small Business Data

The aforementioned table reflects Atlantic Capital’s lending to businesses of different sizes within the Atlanta MSA assessment area. Data in the table indicates that the percentages of the bank’s small business loans by number (34.25%) and dollar volume (29.05%) made to businesses with revenues less than \$1 million are significantly lower than the percentage (75.82%) of small businesses with annual revenues less than \$1 million. The second table reflects that other lenders originated by loan number (51.34%) and by dollar volume (33.67%) of its small business loans to business with revenues less than \$1 million, which is higher than Atlantic Capital.

Table 3 - Borrower Distribution of Loans to Businesses by Loan Size in AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	47	32.42	2,871	5.38
\$100,001 - \$250,000	22	15.17	4,834	9.07
\$250,001 - \$1,000,000	76	52.41	45,619	85.55
Over \$1,000,000	0	0.00	0	0.00

Source: Loan sample.

The aforementioned table reflects Atlantic Capital’s lending of different loan sizes of business loan originations within the Atlanta MSA AA and shows that the bank originated a modest level (47.59 percent) of small business loans in amounts of \$250,000 or less within its assessment area. The bank lending penetration among businesses with revenues less than \$1 million is poor.

Geographic Distribution of Loans

The geographic distribution of loans in the Atlanta MSA AA reflects a poor dispersion among home mortgage loans and a reasonable dispersion among business loans across the low- and moderate-income census tracts.

Home Loans

Analysis presented in the following table reflects the inadequacy of dispersion of home mortgage lending among census tracts of different income levels within the Atlanta MSA assessment area. The analysis compares the percentage of Atlantic Capital’s home mortgage originations in census tracts of different income levels to the percentage of owner-occupied housing units (OOHUs) located within those areas.

Table 4 - Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	4.55	0.00	10.06	0.00	15.86	0.00	69.52	100.00
Home Improvement	4.55	0.00	10.06	0.00	15.86	100.00	69.52	0.00
Refinance	4.55	0.00	10.06	0.00	15.86	0.00	69.52	100.00

Source: data reported under HMDA.

As reflected in the initial table above, the bank’s overall percentage of lending in low- and moderate-income census tracts in the Atlanta MSA assessment area is weak compared to the percentage of Owner Occupied Housing Units (OOHUs) located in those census tracts. Overall, the penetration of home mortgage loans among census tracts of different income levels in the Atlanta MSA assessment area is poor.

Business Loans

The following table present an analysis of Atlantic Capital’s business lending in census tracts of different income levels in the Atlanta MSA assessment area. The information presented is based upon reportable small business loan data. The analysis compares the percentages of the bank’s overall small business lending originated in low- and moderate-income census tracts, to the percentages of small businesses located in those tracts

Table 5 - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Loans to Businesses	5.86	7.53	15.42	10.27	19.17	19.18	59.52	63.01

Source: Indicate source, i.e., loan sample or data collected by bank; D & B data.

Analysis presented in the aforementioned table indicates that the percentage of Atlantic Capital’s small business loans originated in low-income census tracts exceeds the percentages of small businesses located in those tracts. The percentage of Atlantic Capital’s small business loans originated in moderate-income census tracts is within a reasonable range of the percentages of small businesses located in those tracts.

Atlantic Capital vs Other Lenders

Table 3A - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans	Other Lenders % of # of Loans	Bank % of # of Loans
	5.34	7.53	13.57	10.27	18.37	19.18	62.72	63.01

Source: data collected by bank; D & B data and peer data.

We also compared the geographic distribution of Atlantic Capital’s small business lending in the Atlanta MSA AA to the aggregate percentages of other lenders originating small business loans in low- and moderate-income tracts. Information contained in the aforementioned table indicates that Atlantic Capital’s level of small business lending in low- and moderate-income census tracts within its Atlanta MSA assessment area is commensurate with the aggregate percentages of small business loans reported in the assessment area by other lenders.

Limited-Scope AA - Dalton MSA/Whitfield County AA

The bank’s performance for borrower distribution and penetration among businesses of different sizes in the Dalton MSA/Whitfield AA is weak, but somewhat better than the poor penetration within the Atlanta MSA AA. The bank’s performance for the geographic distribution of home loans overall was good in the low and moderate income tracts and overall business loan activity was commensurate with the level of businesses in the low and moderate income tracts. This is inconsistent with Atlanta AA home loan’s weak lending results for home loans in low- and moderate-income tracts and commensurate with the reasonable results for business loans within the Atlanta MSA AA.

Responses to Complaints

There were no CRA related complaints received or noted during the review period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Georgia is rated Satisfactory

- The bank demonstrated adequate responsiveness to meeting the Community Development needs of the community through loans, investments and services.

Community Development (CD) Loans

The level of CD lending in the Atlanta AA reflects an adequate level of responsiveness to CD needs.

Atlanta AA

The bank made community development loans totaling \$78.3 million in the Atlanta, GA assessment area during the evaluation period; this represents 45% of allocated Tier 1 capital. The following loans are representative of the community development lending activity:

The bank originated a \$5,762,200 loan to refinance a 76 unit apartment complex that provides affordable housing to low- to- moderate income individuals in a low census tract in the bank's assessment area.

The bank originated an \$849,614 loan to refinance a 9,272 square foot retail shopping center in a low income census tract to stabilize the area. The retail shopping center is located within the bank's assessment area and has numerous tenants including an Atlanta Police department precinct, a SunTrust bank and various retail shops.

The bank originated a \$1,000,000 loan to a non-profit entity that creates programs and partnerships with K-12 schools throughout the state and primarily in low income areas. The programs focus on teaching low income students about financial literacy, entrepreneurship and workforce readiness.

The bank originated a \$13,780,000 loan to acquire a vacant, dilapidated building on 22.69 acres. The borrower demolished the existing building and constructed a new 538,428 square foot industrial facility in a moderate income tract in the bank's assessment area. The project is one of many projects that has taken place in the area and aiding in the revitalization of the area.

CD Lending by Limited Scope AA

There was no CD lending in the limited scope AA to support the results of the Atlanta AA.

Qualified Investments

Atlanta AA

The bank's investments are adequate and meaningful in supporting the needs of low- and moderate-income individuals. The bank purchased two certificates of deposits (CDs) totaling \$498,000 and one money market account totaling \$5 million with minority and women owned financial institutions. The bank invested in mortgage backed securities (MBS). Homes included in the Atlanta assessment area in the cumulative MBSs totaling \$6.6 million. The MBSs are collateralized by mortgage loans to low- and moderate-income borrowers. The bank purchased one low income housing tax credit fund for \$6.5 million. The bank's portion of the fund is invested in a property in Atlanta, GA. Total donations during the evaluation period totaled \$40,650. The following examples represent some of the donations made. Donations totaling \$5,000 were made to Northwest GA Healthcare Partnership. This entity's mission is to improve healthcare in low to moderate income census tracts by identifying sustainable solutions to significant health issues. The bank also contributed a total of \$5,000 to Kipp Metro Atlanta, which is a national network of public schools that help students prepare for college in low and moderate income areas. Donations of \$10,000 were made to Junior Achievement of GA to assist student with economic efforts. Donations of \$5,000 were made to The Good Samaritan Health Center, which offers medical, dental, health education, mental health, and social services to LMI persons.

Investments by Limited Scope AA

The level of CD investments in the limited scope AA is consistent with the results of the Atlanta MSA AA. The bank invested in mortgage backed securities (MBS). The MBSs included homes in the Whitfield County assessment area totaling \$115,190. The MBSs are collateralized by mortgage loans to low- and moderate-income borrowers. The bank also made donations totaling \$5,000 to various organizations assisting LMI individuals.

Regional (in various states) Community Development Investments

The bank invested in three Small Business Investment Companies (SBIC) totaling \$4 million.

The bank invested in one small business investment company (SBIC) totaling \$1 million. The impact made by the SBICs is minimal since the majority of the funds were not invested in projects in the Atlanta assessment area.

Extent to Which the Bank Provides Community Development Services

Atlanta MSA AA

The bank provides for, and participates in community development services. The bank's level of community development services is satisfactory. During the evaluation period the bank had employees with 164 hours of direct involvement in this AA. All the services meet the CRA regulation definition of community development and relate to the provision of financial services. Examples of qualified community development services are detailed in the following examples.

Agape Youth and Family Center which provides community services for low to moderate students and individuals. A bank officer provided finance and campaign services.

The Center for Working Families provides community services for low to moderate individuals. A bank officer was a director.

Tennessee Small Business Development Center provides activities that promote economic development by providing financing for small businesses/farms. The CRA officer was a director.

Georgia Research Alliance has activities that promote economic development by providing financing for small businesses/farms. A bank officer was a member of the audit and executive committees.

Community Development Services by Limited Scope AA

Bank participation in community development services through the limited scope Dalton MSA AA is adequate and commensurate with service activity for the Atlanta MSA AA. During the evaluation period the bank had employees with 128 hours of direct involvement in this AA. All the services meet the CRA regulation definition of community development and relate to the provision of financial services.

Retail Banking Services

Delivery systems are reasonably accessible to essentially all portions of the institution's AAs. The bank has the following alternative delivery systems available in all assessment areas: bank by mail, telephone banking, online banking, mobile banking, and consumer loan application. These services allow customers to have access to their accounts in some capacity anytime of the day, without visiting a branch. The bank offers banking by mail, whereby complementary, self-addressed envelopes are provided to customers, and a 24-hour night drop, which is available for after-hour transactions. Telephone banking allows customers the ability to retrieve account balances, transfer funds, place stop payments, and report lost or stolen cards. The online banking service also allow customers to retrieve account balances and transfer funds between accounts, as well as print statements, email the bank, view check images, and use bill payment services. The bank is also a member of the AllPoint ATM Network, which has more than 55,000 ATMs available for bank customers to use without any surcharges. The bank's services do not vary in a way that inconveniences any portions of the assessment areas. Branches and service hours have been previously noted.

Responsiveness to Community Development Needs

The bank demonstrated adequate responsiveness to meeting the Community Development needs of the community through loans, investments and services for the Atlanta MSA AA, as well as the Dalton MSA AA that received a limited scope review.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed		Lending Test: 01/01/2014 to 06/30/2016 Community Development Test: Same	
	Financial Institution	Products Reviewed	
	Atlantic Capital Bank (ACB) Chattanooga, TN	HMDA, small loans to businesses, small loans to farms, CD loans, CD investments, and CD services.	
Affiliate(s)		Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> (Name of Affiliate (Abbreviation))			
	List of Assessment Areas and Type of Examination		
Assessment Area	MSA	Type of Exam	Counties Included
Tennessee Chattanooga MSA Knoxville MSA Cleveland MSA Morristown MSA Georgia Atlanta MSA Dalton MSA	16860 28940 17420 34100 12060 19140	Full-scope Limited-scope Limited-scope Limited Scope Full-scope Limited-scope	Hamilton Knox, Union Bradley Jefferson Cobb, Dekalb, Fulton, Gwinnett Whitfield

Appendix B: Summary of Overall Bank and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State Rating
Atlantic Capital	Satisfactory	Satisfactory	Satisfactory
State of Tennessee	Satisfactory	Satisfactory	Satisfactory
State of Georgia	Needs To Improve	Satisfactory	Need To Improve